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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mao Junjie
Li Zhuoyang

Independent Non-executive Directors

Cai Jinliang
Chin Hon Siang

COMPANY SECRETARY

Chan Yuen Ying, Stella

AUTHORISED REPRESENTATIVES

Li Zhuoyang
Chan Yuen Ying, Stella

AUDIT COMMITTEE

Cai Jinliang (*Committee Chairman*)
Chin Hon Siang

REMUNERATION COMMITTEE

Chin Hon Siang (*Committee Chairman*)
Cai Jinliang
Li Zhuoyang

NOMINATION COMMITTEE

Chin Hon Siang (*Committee Chairman*)
Cai Jinliang
Li Zhuoyang

AUDITOR

Mazars CPA Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat B, 11/F
Hing Lung Commercial Building
68-74 Bonham Strand
Sheung Wan
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586, Gardenia Court
Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

PRINCIPAL BANKER

Bank of Communications Co., Ltd.

STOCK CODE

1808

COMPANY WEBSITE

www.1808.com.hk

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

The board (the “Board”) of directors (the “Directors”) of Enterprise Development Holdings Limited (the “Company”) presents the unaudited consolidated financial results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 together with comparative figures for the corresponding period in 2020. The unaudited interim financial report has not been audited but has been reviewed by the Company’s audit committee (the “Audit Committee”).

		Six months ended 30 June	
	<i>Note</i>	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Revenue	4	20,739	30,424
Cost of sales		(13,632)	(23,880)
Gross profit		7,107	6,544
Other revenue		120	162
Other gains, net	5	2,925	–
Distribution expenses		(8,954)	(9,363)
General and administrative expenses		(9,937)	(6,399)
Change in fair value of financial assets at fair value through profit or loss (“FVPL”)		(5,896)	(2,219)
Loss from operation		(14,635)	(11,275)
Finance costs	6(a)	(91)	(673)
Loss before taxation	6	(14,726)	(11,948)
Income tax credit	7	227	72
Loss for the period		(14,499)	(11,876)
Attributable to:			
Equity shareholders of the Company		(11,974)	(8,895)
Non-controlling interests		(2,525)	(2,981)
Loss for the period		(14,499)	(11,876)
		RMB	RMB
Basic and diluted loss per share	8	(0.014)	(0.014)

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Loss for the period	(14,499)	(11,876)
Other comprehensive (loss) income for the period		
<i>Items that are or may be reclassified to profit or loss:</i>		
Exchange difference on transaction of financial statements of overseas operations	(872)	146
	(872)	146
Total comprehensive loss for the period	(15,371)	(11,730)
Attributable to:		
Equity shareholders of the Company	(12,806)	(8,776)
Non-controlling interests	(2,565)	(2,954)
Total comprehensive loss for the period	(15,371)	(11,730)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	9	829	1,022
Intangible assets	10	2,498	1,169
Right-of-use assets	11	1,289	2,642
Deferred tax assets		346	346
		4,962	5,179
Current assets			
Inventories		937	937
Financial assets at FVPL	12	13,415	10,236
Contract assets		7,433	12,822
Trade and other receivables	13	127,311	61,429
Cash and cash equivalents		51,898	99,922
		200,994	185,346
Current liabilities			
Trade and other payables	14	7,289	10,104
Contract liabilities		5,018	6,801
Lease liabilities	11	1,600	1,637
Interest-bearing borrowings	15	9,770	9,818
Current taxation		2,839	3,293
		26,516	31,653
Net current assets		174,478	153,693
Total assets less current liabilities		179,440	158,872
Non-current liability			
Lease liabilities	11	-	771
NET ASSETS		179,440	158,101

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
	<i>Note</i>		
Capital and reserves			
Share capital	16	96,313	64,905
Reserves		22,505	30,009
Total equity attributable to equity shareholders of the Company		118,818	94,914
Non-controlling interests		60,622	63,187
TOTAL EQUITY		179,440	158,101

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to equity shareholders of the Company									
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Share-based payment reserve RMB'000	PRC statutory reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2020	44,711	530,446	(8,440)	-	8,483	22,989	(528,561)	69,628	71,715	141,343
Changes in equity for the six months ended 30 June 2020										
Loss for the period	-	-	-	-	-	-	(8,895)	(8,895)	(2,981)	(11,876)
Other comprehensive income	-	-	-	-	-	119	-	119	27	146
Total comprehensive income (loss) for the period	-	-	-	-	-	119	(8,895)	(8,776)	(2,954)	(11,730)
Transactions with owners										
<i>Contributions and distributions</i>										
Issue of new shares, net of expenses (note 16)	9,492	13,413	-	-	-	-	-	22,905	-	22,905
	9,492	13,413	-	-	-	-	-	22,905	-	22,905
Balance at 30 June 2020 (Unaudited)	54,203	543,859	(8,440)	-	8,483	23,108	(537,456)	83,757	68,761	152,518
Balance at 1 January 2021	64,905	551,127	(8,440)	2,760	8,483	21,473	(545,394)	94,914	63,187	158,101
Changes in equity for the six months ended 30 June 2021										
Loss for the period	-	-	-	-	-	-	(11,974)	(11,974)	(2,525)	(14,499)
Other comprehensive loss	-	-	-	-	-	(832)	-	(832)	(40)	(872)
Total comprehensive loss for the period	-	-	-	-	-	(832)	(11,974)	(12,806)	(2,565)	(15,371)
Transactions with owners										
<i>Contributions and distributions</i>										
Issue of new shares upon rights issue, net of expenses (note 16)	31,408	5,302	-	-	-	-	-	36,710	-	36,710
Share options forfeited during the period	-	-	-	(469)	-	-	469	-	-	-
	31,408	5,302	-	(469)	-	-	469	36,710	-	36,710
Balance at 30 June 2021 (Unaudited)	96,313	556,429	(8,440)	2,291	8,483	20,641	(556,899)	118,818	60,622	179,440

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Cash used in operations	(83,106)	(56,957)
PRC income taxes paid	–	(33)
Net cash used in operating activities	(83,106)	(56,990)
Net cash used in investing activities	(1,336)	(15,452)
Net cash generated from financing activities	35,811	19,281
Net decrease in cash and cash equivalents	(48,631)	(53,161)
Cash and cash equivalents as at 1 January	99,922	64,766
Effect on exchange rate changes	607	194
Cash and cash equivalents as at 30 June	51,898	11,799

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

1. BASIS OF PREPARATION

This unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with International Accounting Standard (“IAS”) 34 “*Interim Financial Reporting*” issued by the International Accounting Standards Board (the “IASB”) and were authorised for issue on 31 August 2021.

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual consolidated financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an unaudited interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This unaudited interim financial report contains unaudited consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual consolidated financial statements. The unaudited interim financial report and notes thereon do not include all the information required for full set of consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the IASB.

The financial information relating to the financial year ended 31 December 2020 that is included in this unaudited interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Consolidated financial statements for the year ended 31 December 2020 are available from the Company’s principal place of business in Hong Kong.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

2. CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following new IFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's consolidated financial statements.

Amendments to IFRS 16	COVID-19-Related Rent Concessions Beyond 30 June 2021
Amendments to IAS 39, IFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2

The adoption of these amendments to IFRSs and IAS did not result in substantial changes to the Group's accounting policies and amounts reported for the current and prior periods.

The Group has not applied any new standards, amendments and interpretation that is not yet effective for the current accounting period.

3. SEGMENT REPORTING

The Group manages its businesses by divisions, which are mainly organised by business lines. In a manner consistent with the way in which information is reported internally to the Board for the purpose of resource allocation and performance assessment, the Group has presented one major reportable segment during the six months ended 30 June 2021 and 2020.

Software business: Provision of integrated business software solutions in the People's Republic of China (the "PRC") and Hong Kong

In addition, other unreportable segment (money lending and security trading) are aggregated and presented as "Others".

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

3. SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Board monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of deferred tax assets and other corporate assets. Segment liabilities include trade payables and accruals attributable to the sales activities of the individual segments and interest-bearing borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment loss is “adjusted loss before taxation”. Adjusted loss before taxation is the Group’s losses before items not specifically attributed to individual segments, such as directors’ and auditor’s remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted loss before taxation, the Board is provided with segment information concerning revenue, interest income and expense from cash balances and interest-bearing borrowings managed directly by the segments, depreciation, amortisation and additions to non-current segment assets used by the segments in their operations.

Segment revenue reported below represents revenue generated from external customers. There were no inter-segment sales during the six months ended 30 June 2021 and 2020.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

3. SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities (continued)

Information regarding the Group's reportable segments as provided to the Board for the purpose of resources allocation and assessment of segment performance for the period is set out below.

	Software business		Others		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Revenue						
Revenue from external customers	20,560	30,289	179	135	20,739	30,424
Reportable segment revenue	20,560	30,289	179	135	20,739	30,424
Reportable segment loss						
Adjusted loss before taxation	(6,547)	(7,510)	(4,277)	(2,693)	(10,824)	(10,203)
Change in fair value of financial assets at FVPL	-	-	(5,896)	(2,219)	(5,896)	(2,219)
Gain on disposal of loan receivables	-	-	2,992	-	2,992	-
Interest income from bank deposits	8	9	-	-	8	9
Interest expenses	(49)	(404)	-	-	(49)	(404)
Depreciation and amortisation	(1,453)	(2,234)	(98)	(3)	(1,551)	(2,237)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

3. SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities (continued)

	Software business		Others		Total	
	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
Reportable segment assets	177,846	157,924	23,680	31,265	201,526	189,189
Reportable segment liabilities	20,140	25,776	2	-	20,142	25,776
Additions to non-current segment assets during the reporting period	1,340	3,223	-	-	1,340	3,223

(b) Reconciliation of reportable segment revenue, loss, assets and liabilities

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Revenue		
Reportable segment revenue	20,739	30,424
Loss before taxation		
Reportable segment loss derived from the Group's external customers	(10,824)	(10,203)
Unallocated head office and corporate expenses	(3,902)	(1,745)
Consolidated loss before taxation	(14,726)	(11,948)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

3. SEGMENT REPORTING (continued)

(b) Reconciliation of reportable segment revenue, loss, assets and liabilities (continued)

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Assets		
Reportable segment assets	201,526	189,189
Deferred tax assets	346	346
Unallocated head office and corporate assets	4,084	990
Consolidated total assets	205,956	190,525
Liabilities		
Reportable segment liabilities	20,142	25,776
Unallocated head office and corporate liabilities	6,374	6,648
Consolidated total liabilities	26,516	32,424

(c) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, intangible assets and right-of-use assets ("Specified non-current assets"). The geographical location of customers is based on the location at which the services were provided, or the goods delivered. The geographical location of the Specified non-current assets is based on the physical location of the asset in the case of property, plant and equipment, and the location of the operation to which they are allocated in the case of intangible assets and right-of-use assets.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

3. SEGMENT REPORTING (continued)

(c) Geographic information (continued)

	Revenue from external customers		Specified non-current assets	
	Six months ended 30 June 2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
The PRC	20,560	30,289	4,245	4,356
Hong Kong	179	135	371	477
	20,739	30,424	4,616	4,833

4. REVENUE

The principal activity of the Group is the provision of integrated business software solutions.

The amount of each significant category of revenue recognised during the period is as follows:

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Software maintenance and other services	14,279	27,175
Sales of software products and other products	6,281	3,114
Others	179	135
	20,739	30,424

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

5. OTHER GAINS, NET

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Gain on disposal of loan receivables (<i>note 13(b)</i>)	2,992	–
Net realised loss on disposal of financial assets at FVPL (<i>note</i>)	(67)	–
	2,925	–

Note:

Represented the proceeds from the sale of financial assets at FVPL of RMB7,922,000 (*six months ended 30 June 2020: Nil*) and carrying value of the investments sold of RMB7,989,000 (*six months ended 30 June 2020: Nil*).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging (crediting):

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
(a) Finance costs		
Interest expenses on interest-bearing borrowings wholly repayable within five years	42	612
Interest expenses on lease liabilities	49	61
	91	673
(b) Staff costs		
Salaries, wages and other benefits	11,924	10,175
Contributions to defined contribution retirement schemes	1,243	828
	13,167	11,003
(c) Other items		
Amortisation on intangible assets	–	815
Depreciation on property, plant and equipment	198	150
Depreciation on right-of-use assets (<i>note 11</i>)	1,353	1,272
Gain on disposal of property, plant and equipment, net	–	(4)
Leases expenses under short-term leases	511	478
Loss allowance on other receivables	64	254

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

7. INCOME TAX CREDIT

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Current tax		
PRC Enterprises Income Tax		
Over provision in respect of prior period	227	72

Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

The provision for the PRC income tax is based on the respective corporate income tax rates applicable to the subsidiaries located in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC. The statutory income tax rate of its PRC subsidiaries is 25%.

Beijing Orient LegendMaker Software Development Co., Ltd. is entitled to a preferential income tax rate of 15% for the six months ended 30 June 2021 and 2020 as it was awarded high-technology status by the tax authority.

No provision for Hong Kong Profits Tax and the PRC income tax have been made as the Group does not have assessable profits or incurred a loss for taxation purposes for the six months ended 30 June 2021 and 2020.

These tax rates were used to calculate the Group's deferred tax assets and liabilities as at 30 June 2021 and 2020.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

8. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the six months ended 30 June 2021 is based on the loss attributable to equity shareholders of the Company of approximately RMB11,974,000 (*six months ended 30 June 2020: RMB8,895,000*) and the weighted average of 859,682,978 (*six months ended 30 June 2020 (restated): 630,702,274*) ordinary shares in issue during the interim period.

The comparative amount of the basic loss per share for 2020 has been adjusted to reflect the impact of the bonus element of the rights issue effected subsequent to 30 June 2020.

Potential dilutive ordinary shares are not included in the calculation of diluted loss per share because they are anti-dilutive. Therefore, the diluted loss per share equals the basic loss per share.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired items of furniture, fixtures and equipment (*six months ended 30 June 2020: furniture, fixtures and equipment and motor vehicles*) with a cost of approximately RMB11,000 (*six months ended 30 June 2020: RMB1,057,000*). No property, plant and equipment was disposed during the six months ended 30 June 2021 (*six months ended 30 June 2020: item of motor vehicles with a net book value of approximately RMB16,000 was disposed and a gain on disposal of approximately RMB4,000 resulted*).

10. INTANGIBLE ASSETS

During the six months ended 30 June 2021, the Group developed software patents (*six months ended 30 June 2020: software patents*) with a cost of approximately RMB1,329,000 (*six months ended 30 June 2020: RMB1,163,000*).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

	<i>RMB'000</i>
Costs:	
At 1 January 2021 and 30 June 2021	3,800
Accumulated depreciation:	
At 1 January 2021	1,158
Depreciation for the period	1,353
At 30 June 2021	2,511
Carrying amount	
At 30 June 2021 (Unaudited)	1,289
At 31 December 2020 (Audited)	2,642

Lease liabilities

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Current portion	1,600	1,637
Non-current portion	–	771
	1,600	2,408

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

12. FINANCIAL ASSETS AT FVPL

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Mandatorily measured at FVPL		
Equity securities listed in Hong Kong	6,061	10,236
Equity securities listed overseas	7,354	–
	13,415	10,236

Note:

The fair value of listed equity securities is based on quoted market prices in active markets at the end of the reporting period.

During the six months ended 30 June 2021, a fair value loss on listed equity securities of RMB5,896,000 (*six months ended 30 June 2020: RMB2,219,000*) was recognised in profit or loss.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

13. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Trade receivables, net of loss allowance	<i>(a)</i>	28,022	18,868
Loan receivables from third parties	<i>(b)</i>	22,032	25,103
Less: loss allowance on loan receivables	<i>(b)</i>	(14,531)	(22,291)
Loan receivables, net of loss allowance	<i>(c),(d)</i>	7,501	2,812
Prepayments made to suppliers, net of loss allowance		27,318	32,057
Deposits and other receivables, net of loss allowance		64,470	7,692
		91,788	39,749
		127,311	61,429

All of the trade and other receivables are expected to be recovered within one year.

Notes:

- (a) As of the end of the reporting period, the ageing analysis of trade receivables based on the invoice date (or date of revenue recognition, if earlier) and net of loss allowance, is as follows:

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Within 1 month	14,762	11,059
Over 1 month but less than 3 months	11,003	4,739
Over 3 months but less than 1 year	2,257	3,070
	28,022	18,868

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

13. TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

- (b) As at 30 June 2021, (i) loan receivables of RMB7,501,000 was unsecured, carried at fixed interest rate of 8% per annum (31 December 2020: RMB2,812,000 was unsecured, carried at fixed interest rate of 10% per annum) and within its maturity date; and (ii) loan receivables of RMB14,531,000 (31 December 2020: RMB22,291,000) were unsecured, carried at fixed interest rate of ranging from 7% to 12% per annum and overdue (31 December 2020: the same). The loan receivables were denominated in HK\$.

During the six months ended 30 June 2021, a fully impaired loan receivable of RMB7,760,000 was disposed to an independent third party at a consideration of RMB2,992,000, resulting in a gain on disposal of RMB2,992,000 was recognised in profit or loss.

- (c) The maturity profile of the loan receivables and net of loss allowance at the end of the reporting period, analysed by the remaining periods to their contracted maturity is as follows:

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Repayable		
Within 1 month	–	2,812
Over 1 month but less than 3 months	–	–
Over 3 months but less than 1 year	7,501	–
	7,501	2,812

- (d) As of the end of the reporting period, the ageing analysis of loan receivables based on loan drawn down date and net of loss allowance, is as follows:

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Within 1 month	–	–
Over 1 month but less than 3 months	3,334	–
Over 3 months but less than 1 year	4,167	2,812
	7,501	2,812

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

14. TRADE AND OTHER PAYABLES

	<i>Note</i>	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Trade payables	(a)	784	3,808
Non-trade payables and accrued expenses		5,184	5,064
Other tax payables		1,321	1,232
		7,289	10,104

All of the trade and other payables are expected to be settled within one year.

Note:

- (a) As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Within 1 month or on demand	216	480
Over 1 month but within 3 months	170	3,118
Over 3 months but within 6 months	356	200
Over 6 months but within 1 year	42	10
	784	3,808

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

15. INTEREST-BEARING BORROWINGS

	<i>Note</i>	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Loan from a third party, unsecured and unguaranteed	<i>(a)</i>	4,168	4,216
Loan from a fellow subsidiary, unsecured and unguaranteed	<i>(b)</i>	5,602	5,602
		9,770	9,818

Notes:

- (a) Loan from a third party, unsecured and unguaranteed

At 30 June 2021, the loan from a third party is unsecured, carried interest rate of 2% (31 December 2020: 2%) per annum and is repayable within one year.

- (b) Loan from a fellow subsidiary, unsecured and unguaranteed

At 30 June 2021, the loan from a fellow subsidiary is unsecured, carried interest rate of 10% (31 December 2020: 10%) per annum and overdue.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

16. SHARE CAPITAL

	30 June 2021 (Unaudited)		31 December 2020 (Audited)	
	No. of shares	HK\$	No. of shares	HK\$
Authorised:				
At beginning of period/year and at end of the period/year				
Ordinary shares of HK\$0.1 each	10,000,000,000	1,000,000,000	10,000,000,000	1,000,000,000
Issued and fully paid:				
At beginning of period/year				
Ordinary shares of HK\$0.1 each	758,172,933	75,817,293	526,508,982	52,650,898
Issue of shares on rights issue (note)	375,681,838	37,568,184	–	–
Issue of new shares	–	–	105,301,796	10,530,180
Issue of new shares	–	–	126,362,155	12,636,215
At end of the period/year				
Ordinary shares of HK\$0.1 each	1,133,854,771	113,385,477	758,172,933	75,817,293
		RMB equivalent		RMB equivalent
		96,313,055		64,904,550

Note:

On 20 May 2021, the Company allotted and issued 375,681,838 ordinary shares of HK\$0.1 each by way of rights issue and the number of issued share capital of the Company was increased to 1,133,854,771. The net proceeds from the rights issue after deducting related expenses were approximately RMB36,710,000 (equivalent to HK\$43,910,000).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

17. SHARE OPTION

(a) Share option scheme

On 26 May 2016, with approval by the shareholders, the Company adopted a new share option scheme (the "Scheme") for a period of 10 years to replace the share option scheme approved on 18 December 2006 that would otherwise expire on 17 December 2016.

Under the Scheme, the Company may grant options to directors, employees, suppliers, customers, consultants, agents and advisers of the Company and the subsidiaries and any person who, in the sole discretion of the Board, has contributed or may contribute to the Group in recognition of their contribution to the Group. The options will expire either after 10 years from the date of grant or upon the termination or the issuance of termination notice of the relevant grantee's employment with the Group. The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the total number of shares in issue from time to time.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the shares in issue at the date of the passing of the relevant ordinary resolution. If any option is to be granted to connected person(s), it must be approved by independent non-executive directors or independent shareholders as the case may be.

The maximum number of shares in respect of which share options may be granted to a specifically identified single grantee under the Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

17. SHARE OPTION (continued)

(a) Share option scheme (continued)

Under the Scheme, the options granted may be accepted by a participant within 28 days from the date of such offer. A consideration of HK\$1 is payable on acceptance of the offer of grant of an option. The exercise period of the share options granted is determinable by the directors of the Company and ends on a date which is not later than 10 years from the date of offer of the share options. The subscription price for shares payable on exercise of share options granted under the Scheme shall be a price determined by the directors of the Company, but shall in any event not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of share.

The options granted prior to and remaining outstanding at termination, if any, shall continue to be valid and exercisable in accordance with the terms of the Scheme.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

17. SHARE OPTION (continued)

(b) Movement in share option granted

The following table discloses movements of the Company's share options held by directors and employees of the Group during the period:

Name of category of participant	Date of grant	Exercise price HK\$	Outstanding at 1 January 2021	Reclassification		Forfeited during the period	Outstanding at 30 June 2021	The closing price of the Company's shares quoted on the Stock Exchange immediately before the date of grant HK\$
				during the period (/Note)	Adjustment #			
Directors in aggregate	1 September 2020	0.2063 #	6,500,000	6,481,413	5,759	(6,505,759)	6,481,413	0.201
Employees in aggregate	1 September 2020	0.2063 #	31,750,000	(6,481,413)	914,263	-	26,182,850	0.201
			38,250,000	-	920,022	(6,505,759)	32,664,263	

The vesting period of the share options is from the date of grant up to 30 November 2020. These share options are vested to the grantees on 1 December 2020 and exercisable up to 31 August 2030.

Subsequent to the grant date, the number of outstanding share options has been adjusted from 31,950,000 to 32,870,022 and the exercise price has been adjusted from HK\$0.2122 per share to HK\$0.2063 per share to reflect the bonus element of rights issue completed on 18 May 2021. Details are set out in the Company's announcement dated 18 May 2021.

Note:

At the date of the appointment as an executive director, Ms. Li Zhuoyang ("Ms. Li") was interested in an aggregate of 6,481,413 share options of the Company which shall entitle for her to subscribe for up to 6,481,413 shares of the Company at an exercise price of HK\$0.2063 each (subject to adjustments). Before the appointment as an executive director, Ms. Li was served the Group as the director of certain non-wholly-owned subsidiaries of the Company.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these unaudited interim financial report on recurring basis at 30 June 2021 across the three levels of the fair value hierarchy defined in IFRS 13, *Fair value measurement*, with the fair value measurement categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;
- Level 3 valuations: Fair value measured using significant unobservable inputs.

(a) Recurring fair value measurement

	30 June 2021 RMB'000 (Unaudited)	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Assets measured at fair value				
Financial assets at FVPL				
– Listed equity securities	13,415	13,415	–	–

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(a) Recurring fair value measurement (continued)

	31 December 2020 RMB'000 (Audited)	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<hr/>				
Assets measured at fair value				
Financial assets at FVPL				
– Listed equity securities	10,236	10,236	–	–
<hr/>				

During the six months ended 30 June 2021 and the year ended 31 December 2020, there were no transfers between Level 1 and Level 2 fair value measurements and no transfer into and out of Level 3 fair value measurements.

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 30 June 2021 and 31 December 2020.

19. COMMITMENTS

Commitments under leases

At 30 June 2021, the Group was committed to RMB441,000 (31 December 2020: RMB253,000) for short-term leases and low value assets (31 December 2020: short-term leases and low value assets).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2021

20. RELATED PARTY TRANSACTIONS

(a) Related party transactions

Related party relationship	Nature of transaction	Six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Fellow subsidiary	Loan interest expenses	-	296

- (b) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors and supervisors of the Group. The compensation of key management personnel is as follows:

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Short-term employee benefits	2,822	758
Post-employment benefits	32	11
	2,854	769

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2021, the Group recorded a revenue of approximately RMB20,739,000 (six months ended 30 June 2020: RMB30,424,000), of which revenue from (i) software maintenance and other services amounted to approximately RMB14,279,000 (six months ended 30 June 2020: RMB27,175,000); and (ii) sales of software products and other products amounted to approximately RMB6,281,000 (six months ended 30 June 2020: RMB3,114,000). The decrease in overall revenue for the software business was due to the outbreak of coronavirus disease 2019 (“COVID-19”). COVID-19 has brought a negative impact on overall market sentiment and the Group’s financial performance in the first half of the year 2021 was adversely affected. COVID-19 has posed significant challenges to the Group’s business activities and has caused operational delays to some extent.

Gross Profit

For the six months ended 30 June 2021, the Group recorded a gross profit of approximately RMB7,107,000 (six months ended 30 June 2020: RMB6,544,000). The gross profit ratio for the software business of the Group during the period was approximately 34% while that of the corresponding period in 2020 was approximately 21%. The increase in gross profit ratio was mainly due to the increase in proportion for sale of self-developed products which have higher gross profit margin.

Finance Costs

For the six months ended 30 June 2021, finance costs was approximately RMB91,000 (six months ended 30 June 2020: RMB673,000). The decrease in finance costs was due to the decrease in interest expenses on interest-bearing borrowings.

General and Administrative Expenses

For the six months ended 30 June 2021, the general and administrative expenses of the Group were approximately RMB9,937,000 (six months ended 30 June 2020: RMB6,399,000). The increase in general and administrative expenses was attributable to the increase in staff costs.

Change in Fair Value of Financial Assets at Fair Value Through Profit or Loss

The Group invested in various financial instruments for short-term investments, including the equity securities listed in Hong Kong and United States. During the six months ended 30 June 2021, a fair value loss on financial assets at fair value through profit or loss of approximately RMB5,896,000 (six months ended 30 June 2020: RMB2,219,000) was recognised in profit or loss.

MANAGEMENT DISCUSSION AND ANALYSIS

Loss for the Period

For the six months ended 30 June 2021, the Group recorded a loss for the period of approximately RMB14,499,000 (six months ended 30 June 2020: RMB11,876,000).

Liquidity and Financial Resources

The Group's working capital is funded by the cash generated from operating and financing activities. As at 30 June 2021, the Group maintained cash and cash equivalents amounting to approximately RMB51,898,000 (31 December 2020: RMB99,922,000). As at 30 June 2021, the Group's current ratio was approximately 7.58 times (31 December 2020: 5.86 times); and the Group's net gearing ratio at 30 June 2021 and 31 December 2020 are not applicable since the Group had cash in excess of interest bearing borrowings.

Foreign Exchange

The Group's revenue is mainly denominated in Renminbi and no related hedge is required for the time being.

Pledge of Assets

As at 30 June 2021 and 31 December 2020, the Group had no pledge of other assets and bank deposits in order to obtain general banking facilities or short-term bank borrowings.

Capital Structure

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, including interest-bearing borrowings, and equity attributable to equity shareholders of the Company, comprising issued share capital, share premium, accumulated losses and other reserves. The management of the Group reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the redemption of existing debt. The Group's overall strategy remains unchanged throughout the period.

MANAGEMENT DISCUSSION AND ANALYSIS

On 19 February 2021, the Company proposed to raise up to approximately HK\$47,407,000 before expenses, by way of the rights issue (the “Rights Issue”), by issuing up to 395,061,466 rights shares (the “Right Share(s)”) (assuming all outstanding share options are exercised in full on or before 24 March 2021 (the “Record Date”), but otherwise no other shares of the Company (the “Shares”) are issued and no repurchase of Shares on or before the Record Date and full subscription under the Rights Issue) at the subscription price of HK\$0.12 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date.

On 19 February 2021, the Company entered into an underwriting agreement (the “Underwriting Agreement”) with VC Brokerage Limited (the “Underwriter”) in relation to the underwriting and respective arrangements in respect of the Rights Issue. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite, on a best effort basis, the underwritten shares up to 395,061,466 Rights Shares, subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained therein.

On 18 May 2021, the Board announced that all conditions set out in the Underwriting Agreement had been fulfilled and the Underwriting Agreement and the Rights Issue became unconditional at 4:00 p.m. on Wednesday, 12 May 2021.

As a result of the under-subscription of the Rights Issue and in accordance with the terms of the Underwriting Agreement, the Underwriter has procured subscribers to subscribe for 240,364,000 Rights Shares, representing approximately 63.41% of the total number of 379,086,466 Rights Shares available for subscription under the Rights Issue.

After the subscribers’ subscription procured by the Underwriter, the Rights Issue was finally under-subscribed by 3,404,628 Rights Shares, representing approximately 0.90% of the total number of 379,086,466 Rights Shares available for subscription under the Rights Issue. Therefore, the size of the Rights Issue was reduced to 375,681,838 Rights Shares.

MANAGEMENT DISCUSSION AND ANALYSIS

The gross proceeds from the Rights Issue are approximately HK\$45,080,000 and the net proceeds from the Rights Issue, after deducting professional fees and all other relevant expenses, are estimated to be approximately HK\$43,910,000. The Company will apply the net proceeds as to approximately (i) 30% of net proceeds for the potential acquisitions, expansion and equipment purchase of the Group's software business in the future; (ii) 40% of net proceeds for loan financing business and securities investments business; and (iii) the remaining 30% of net proceeds for the Group's operating expenses and overheads, among which approximately 60% is for staff cost, approximately 4% is for rental payments, approximately 20% is for professional fees and the remaining 16% is for the general administrative expenses.

The net proceeds from the Rights Issue were used as (i) approximately RMB3,344,000 (equivalent to HK\$4,000,000) for loan financing business; and (ii) approximately RMB2,099,000 (equivalent to HK\$2,511,000) for the Group's operating expenses and overheads, among which approximately RMB1,515,000 (equivalent to HK\$1,812,000) is for staff cost, approximately RMB96,000 (equivalent to HK\$115,000) is for rental payments, approximately RMB44,000 (equivalent to HK\$53,000) is for professional fee and the remaining RMB444,000 (equivalent to HK\$531,000) is for general administrative expenses. The remaining net proceeds of approximately RMB31,267,000 (equivalent to HK\$37,399,000) will be used according to the intended use.

Significant Investments

The Group has no any significant investments as at 30 June 2021.

Acquisition and Disposal of Listed Securities

During the six months ended 30 June 2021, the Group disposed a total of 9,184,000 shares of China Nuclear Energy Technology Corporation Limited ("China Nuclear Share(s)") at the price between HK\$0.6188 and HK\$0.7300 per China Nuclear Share, on the open market for an aggregate cash consideration of approximately HK\$6,132,000.

Material Acquisition and Disposal of Subsidiaries or Associated Companies

The Group has not made any material acquisition or disposal of subsidiaries or associated companies during the six months ended 30 June 2021.

Subsequent Event

The Group has no material event after the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and Remuneration Policies

As at 30 June 2021, the Group employed 106 (30 June 2020: 93) full time employees. The remuneration package of employees is determined by reference to their performance, experience, positions, duties and responsibilities in the Group and the prevailing market conditions. The Group continued to provide retirement, medical, employment injury, employment and maternity benefits which are governed by the state-managed social welfare scheme operated by the local government of the PRC to the employees in the PRC. In addition, the Group maintains a mandatory provident fund scheme for all qualifying employees in Hong Kong.

Contingent Liabilities

As at 30 June 2021, there was no significant contingent liability (31 December 2020: Nil).

BUSINESS REVIEW

The Group recorded a revenue of approximately RMB20,739,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB30,424,000), representing a decrease of approximately 32%. The decrease in overall revenue for the software business was due to the outbreak of COVID-19. COVID-19 has brought a negative impact on overall market sentiment and the Group's financial performance in the first half of the year 2021 was adversely affected. COVID-19 has posed significant challenges to the Group's business activities and has caused operational delays to some extent.

OUTLOOK

We have an experienced technical team which can provide our clients with prompt and effective services and business solutions and we have established a solid client base over the years. Over the past ten years, the Group's software business has provided database software and engineering services to the PRC enterprise customers in terms of life cycle management, health check, troubleshooting and function upgrade which has a significant market share and a strong brand effect in this area.

MANAGEMENT DISCUSSION AND ANALYSIS

As impacted by the spreading of COVID-19, the economic conditions of Mainland China and the world slowed down sharply. Mainland China and many other countries implemented lockdowns and social distancing measures for protecting the society in response to the outbreak of COVID-19 pandemic, which caused a plenitude of challenges and uncertainties in the global economic environment. To lower the negative impact from the outbreak of COVID-19, the Group's management has closely monitored the market conditions in the PRC and has put in place certain contingency measures such as remote working of employees. However, the impact of COVID-19 on economic activities was far beyond expectation and resulted in a decrease of 32% in the consolidated revenue of the Group for the first half of 2021 as compared with the same period of 2020. Despite the decrease in revenue, the Group is looking to improve its profit margin in the software maintenance services. Therefore, it is repositioning its products in terms of lowering the cost of sales.

In order to maintain the Group's sustainability and value creation capability over the long term, the Group will try to maintain its competitiveness through introduction of new products and services, and will continue to look for suitable business opportunities so as to diversify the Group's business into a new line of business with growth potential and to broaden its source of income that can enhance return to the shareholders of the Company.

INTERIM DIVIDEND

The Directors resolved not to declare any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2021, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), are set out below:

Name of Director	Capacity	Long position/ short position	Number of shares held/Percentage in total number of issued shares
Ms. Li (<i>Note</i>)	Beneficial Owner	Long position	6,481,413 (0.57%)

Note: 6,300,000 share options were granted to Ms. Li on 1 September 2020 (subsequent to the grant date, the number of share options has been adjusted to 6,481,413 to reflect the bonus element of right issue completed on 18 May 2021) pursuant to the share option scheme adopted by the Company on 26 May 2016 (the "Share Option Scheme"). Therefore, under Part XV of the SFO, Ms. Li is taken to be interested in the underlying shares that she is entitled to subscribe for subject to the exercise of and/or the validity period of the share options granted.

Save as disclosed above, none of the Directors, or chief executives of the Company or their associates had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2021.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2021, so far as is known to any Director or chief executive of the Company, the following persons (other than the Directors or chief executives of the Company) had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

AGGREGATE INTEREST OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of shareholders	Nature of interest	Long Position/ Short Position	Number of shares held/percentage in total number of issued shares
China Taiping Insurance Holdings Company Limited ("China Taiping") (Note 1)	Person having a security interest in shares	Long Position	203,854,292 (17.98%)
Taiping Financial Holdings Company Limited ("Taiping Financial") (Note 1)	Person having a security interest in shares	Long position	203,854,292 (17.98%)
China Insurance Group Finance Company Limited ("China Insurance") (Note 1)	Person having a security interest in shares	Long position	203,854,292 (17.98%)
King Pak Fu ("Mr. King") (Note 2)	Interest of controlled corporations	Long position	278,351,792 (24.55%)
		Short position	203,854,292 (17.98%)
Luck Success Development Limited ("Luck Success") (Note 2)	Beneficial owner	Long position	186,672,292 (16.46%)
		Short position	186,672,292 (16.46%)

OTHER INFORMATION

AGGREGATE INTEREST OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (continued)

Name of shareholders	Nature of interest	Long Position/ Short Position	Number of shares held/percentage in total number of issued shares
Rentian Technology Holdings Limited ("Rentian") <i>(Note 2)</i>	Interest of controlled corporations	Long position	203,854,292 (17.98%)
		Short position	203,854,292 (17.98%)
Zhongwei Group (Hong Kong) Company Limited ("Zhongwei Group") <i>(Note 3)</i>	Beneficial Owner	Long Position	126,362,155 (11.14%)
Han Lili ("Ms. Han") <i>(Note 3)</i>	Interest of controlled corporation	Long Position	126,362,155 (11.14%)
Teoh Ronnie Chee Keong	Beneficial Owner	Long Position	99,164,000 (8.75%)

Notes:

- China Insurance is wholly-owned by Taiping Financial, which in turn is wholly-owned by China Taiping. Therefore, China Taiping is deemed to be interested in the Shares held by Taiping Financial and China Insurance pursuant to the SFO.
- Pursuant to the SFO, Mr. King is deemed to be interested in (i) 60,435,500 Shares held through Affluent Start Holdings Investment Limited ("Affluent Start"); (ii) 3,846,000 Shares held through Mystery Idea Limited ("Mystery Idea"); (iii) 10,216,000 Shares held through Elite Mile Investments Limited ("Elite Mile"); (iv) 17,182,000 Shares held through Sino Wealthy Limited ("Sino Wealthy"); and (v) 186,672,292 Shares held through Luck Success. Each of Affluent Start, Mystery Idea and Elite Mile is wholly-owned by Mr. King. Sino Wealthy is wholly-owned by Gauteng Focus Limited, which is wholly-owned by Rentian (in liquidation), the latter is indirectly controlled by Mr. King.
- Zhongwei Group is wholly-owned by Ms. Han. Therefore, Ms. Han is deemed to be interested in the number of Shares held by Zhongwei Group by virtue of the SFO.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the Shares or underlying Shares of the Company as at 30 June 2021.

OTHER INFORMATION

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme at the annual general meeting of the Company held on 26 May 2016. The purpose of the Share Option Scheme is to enable the Company to grant options to directors, employees, suppliers, customers, consultants, agents and advisers of the Company and the subsidiaries and any person who, in the sole discretion of the Board, has contributed or may contribute to the Group in recognition of their contribution to the Group. On 30 June 2021, being the date of the annual general meeting of the Company (the "AGM"), the scheme mandate limit under the Share Option Scheme was refreshed. The Company may grant options entitling holders to subscribe for a maximum of 113,385,477 Shares, representing 10% of the number of Shares in issue as at the date of AGM.

Details of the movement in the share options granted under the Share Option Scheme during the six months ended 30 June 2021 are as follows:

Category of participants	Date of grant of share option	Exercise Period	Exercise Price (HK\$)	Outstanding as at 1 January 2021	Adjustment [#]	Forfeited during the period	Outstanding as at 30 June 2021
Directors, employees and other participants	1 September 2020	1 December 2020 to 31 August 2030	0.2063 [#]	38,250,000	920,022	(6,505,759)	32,664,263
Total				38,250,000	920,022	(6,505,759)	32,664,263

[#] Subsequent to the grant date, the number of outstanding share options has been adjusted from 31,950,000 to 32,870,022 and the exercise price has been adjusted from HK\$0.2122 per share to HK\$0.2063 per share to reflect the bonus element of rights issue completed on 18 May 2021. Details are set out in the Company's announcement dated 18 May 2021.

Note:

The vesting period of the share options is from the date of grant up to 30 November 2020. These share options are vested to the grantees on 1 December 2020 and exercisable up to 31 August 2030.

As at 30 June 2021, the Company had 32,664,263 adjusted share options (adjusted as a result of the Rights Issue) outstanding under the Share Option Scheme, which represented approximately 2.88% of the Shares in issue as at 30 June 2021. No share option was granted and exercised during the six months ended 30 June 2021 and 6,505,759 adjusted share options were forfeited during the six months ended 30 June 2021.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2021.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code ("CG Code") in Appendix 14 to the Listing Rules as its own code of corporate governance. During the six months ended 30 June 2021, the Company was in compliance with all the relevant code provisions set out in the CG Code except for the deviation from code provisions A.2.1 and A.5.1, which are explained below.

Under CG Code provision A.2.1, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has not appointed a chief executive officer. Mr. Guan Huanfei ("Mr. Guan"), a former executive Director who resigned on 22 May 2021, was the chairman of the Company. Following the resignation of Mr. Guan, the role and functions of chairman and chief executive officer have been performed by all executive Directors collectively.

CG Code provision A.5.1 stipulated that the Company should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. Following the resignation of Mr. Liu Jian ("Mr. Liu"), a former independent non-executive Director who resigned on 25 March 2021, as the chairman of the nomination committee of the Company (the "Nomination Committee") and Mr. Guan as a member of the Nomination Committee, the composition of the Nomination Committee was also not in compliance with the code provision A.5.1 of the CG Code, until the Company appointed Mr. Chin Hon Siang ("Mr. Chin") as a member of the Nomination Committee on 26 May 2021.

OTHER INFORMATION

NON-COMPLIANCE WITH RULES 3.10(1), 3.21 AND 3.25 OF THE LISTING RULES

Following the resignation of Mr. Liu as an independent non-executive Director on 25 March 2021, the Company only had two independent non-executive Directors, thus the number of the independent non-executive Directors fell below the minimum number required under Rule 3.10(1) of the Listing Rules. As a result of the insufficient number of independent non-executive Directors, the Company had also failed to comply with the requirements set out in Rule 3.21 of the Listing Rules with regard to the minimum number of members and the composition of the Audit Committee and Rule 3.25 of the Listing Rules with regard to the composition requirement of the remuneration committee of the Company (the “Remuneration Committee”).

Following the appointment of Mr. Chin as an independent non-executive Director on 26 May 2021, the number of independent non-executive Directors had satisfied the minimum number required under Rule 3.10(1) of the Listing Rules. The Company also met the requirements set out in Rules 3.21 and 3.25 of the Listing Rules with regard to the composition of the Audit Committee and the Remuneration Committee respectively.

Save as those mentioned above and in the opinion of the Directors, the Company has met all the relevant code provisions set out in the CG Code throughout the six months ended 30 June 2021.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr. Cai Jinliang (as committee chairman), Mr. Hui Yat On, and Mr. Chin. The primary duties of the Audit Committee are to review and supervise the financial reporting process, and to review the risk management and internal control systems of the Group. The unaudited interim financial results of the Group for the six months ended 30 June 2021 have been reviewed by the Audit Committee.

By Order of the Board
Enterprise Development Holdings Limited
Mao Junjie
Executive Director

Hong Kong, 31 August 2021